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CAMPAIGN 2012: Obama's approach took 'fracking' off the table (Monday, November 5, 2012)

Mike Soraghan, E&E reporter

America's shale drilling boom could have been a big issue in this year's presidential election, but it wasn't. As 2011 began, President Obama's environmental regulators were going after drilling and hydraulic fracturing operations in three states. Environmentalists were continuing their calls for increased federal regulation. Republican Mitt Romney was calling Obama the "anti-energy president."

And the shale gas boom was a central issue in the state and local politics of the key swing state of Ohio. But as the campaign draws to a close, two of three enforcement cases have fallen apart and new air pollution rules for fracturing have generated minimal opposition. Obama consistently talks up his support for shale gas drilling, and Romney has all but stopped talking about Obama's record on drilling, turning his focus to administration policies on coal.

Obama's policies on what critics have dubbed "fracking" disappointed many environmentalists and anti-drilling activists. They haven't thrilled industry. But they've essentially neutralized the issue.

"They've not stopped us from drilling a single well," said an industry source who works closely with drilling companies.

While Romney is much more in the "Drill, baby, drill" camp and Obama nods at environmental protection as he touts drilling, their messages overlap when it comes to developing shale oil and gas.

"It's disappointing that both parties are pushing for that," said Emily Wurth, water policy director for Food & Water Watch, one of the most aggressive groups in the fight against drilling. "Obama has done a lot on green energy. But he is aggressively promoting the rollout of unconventional gas development."

But that's not to say that there aren't differences. Environmentalists are hopeful that Obama, freed from re-election efforts in a second term, will feel more free to get tough on drillers. Industry fears the same thing. There are a host of important shale decisions that the administration simply delayed until after the election. And both sides agree that if Romney is elected, he'll be friendlier to industry on upcoming decisions about drilling on public land and enforcement of the new air pollution rules. But he'll also come under more pressure from environmental groups, which have sometimes been reluctant to criticize a Democratic president.

And Obama has pushed very publicly for ending tax advantages enjoyed by the entire oil and gas industry.

"It sounds positive, but then you look at the actions," said Rayola Dougher, spokeswoman for the American Petroleum Institute (API), the industry's main lobbying group.

Many observers say they sensed that the Obama administration changed its tone on shale drilling at some point during the last four years. In 2010, Obama's Interior secretary, Ken Salazar, said that under the Democratic administration, oil companies would no longer be the "kings of the world." And Obama's EPA agreed to launch a study into the safety of fracturing that has drawn praise from environmentalists and scorn from industry.

Those who see a change trace it back to the fallout from the 2010 BP PLC oil spill and moratorium on drilling in the Gulf of Mexico. Others say a turning point came in 2011 when Obama endorsed shale in his energy blueprint and charged a Department of Energy advisory committee with studying shale drilling.

One witness, testifying before the panel, quipped that its mission was "Fix fracking; we need the gas."

To many, shale drilling has become identified with the process of fracturing, because an enhanced combination of "fracking" and horizontal drilling is the only way to extract gas from the rock.

Most conventional oil and gas wells are also "fracked," often to increase production, but the petroleum could be produced without fracturing.

Policy, politics of caution

There's political and policy reasons for Obama's cautious approach on shale drilling.

Oil and gas is seen as a job creator at a time when one of the biggest criticisms of Obama has been his inability to cut the unemployment rate as much as he promised.

Some observers say that Obama's attentiveness to the jobs created by drilling has been his saving grace among blue-collar voters in crucial swing states like Pennsylvania and Ohio.

"Obama has a leg up in part because of fracking," said conservative New York Times columnist David Brooks in a recent appearance on "Meet the Press." "If some of the environmental groups had been able to shut down fracking, the economy would not be doing as well in Ohio as it is right now, white voters would not be supporting Obama as much as they are right now."

But promotion of drilling, specifically gas drilling, also plays into Obama's environmental policies. While he has aggressively supported renewable energy, gas is essential to making his climate goals work.

One industry lobbyist points to EPA's economic assumptions in the greenhouse gas rules for power plants.

"Their description of the economic impacts is dependent on fuel switching to natural gas," he said. "The administration sees that if they want to make a meaningful impact, shale gas is it."

Taking on a powerful, well-funded industry would be a dangerous game in an election year, even for an incumbent president. The oil and gas industry has a long-standing alliance with the Republican Party, but the Democratic incumbent appears to have taken recognizable steps to minimize the industry's antipathy.

After a high-level meeting earlier this year between top Obama aide Valerie Jarrett and refining executives, new stricter limits on sulfur have stalled in bureaucratic limbo (EnergyWire, Oct. 2). And gasoline prices have muddled along in a range where they no longer cause outrage.

When it comes to shale drilling, Obama's EPA began this year on the offensive. It was already pursuing an enforcement case against Range Resources Corp. alleging it contaminated two water wells in the suburbs of Fort Worth. Then, it waded into the Dimock, Pa., water contamination controversy, but agreed to review the case and deliver bottled water to residents who said Cabot Oil and Gas had contaminated water wells with methane.

But within months, EPA had dropped the Texas case and given Dimock water a clean bill of health, despite lingering methane contamination (state officials still have not cleared Cabot to drill new wells in the area).

And EPA gave ground in a similarly high-profile investigation in Pavillion, Wyo., agreeing to retest some wells it had said were contaminated (EnergyWire, April 2).

A month after the Jarrett meeting, Obama assigned his top aide for climate and energy issues, Heather Zichal, to coordinate the administration's policies on shale gas, granting a request from API.

Within a month, Zichal was talking publicly about the Obama administration's new and improved relationship with the oil and gas industry.

She touted the administration's support for increased domestic production, stressed the importance of oil and gas for job creation and joined the industry in its position that states, rather than EPA, should serve as the "lead regulators" of drilling.

With Zichal at the helm, the White House slowed rules for drilling and hydraulic fracturing on Bureau of Land Management land and extended the deadline for drillers to comply with the new air pollution rules for fracturing.

API President Jack Gerard praised the administration at the time for coming around to the industry's way of thinking.

"There has been a recognition that some of the proposals they have made need to be pushed back and need to be modified because many of them were counterproductive to energy production and job creation in the country," Gerard told reporters in the spring.

Still, what Obama has done is delay regulations, not scuttle them. Industry officials remain apprehensive about how Obama will implement the new BLM rules on well construction and fracking.

Environmental groups have filed two petitions with EPA asking it to rescind the industry's exemptions from hazardous waste rules (under the Resource Conservation and Recovery Act, or RCRA) and reporting toxic releases.

Either the administration is ignoring the petitions, one lobbyist said, "or there's going to be a gigantic, honking rulemaking on RCRA."

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